



BUILDING ENERGY SOLUTIONS TOGETHER

Forward-looking information

This document contains certain information that is forward-looking and is subject to important risks and uncertainties (such statements are usually accompanied by words such as “anticipate”, “expect”, “believe”, “may”, “will”, “should”, “estimate”, “intend” or other similar words). Forward-looking statements do not guarantee future performance. Actual events and results could be significantly different because of assumptions, risks or uncertainties related to our business or events that happen after the date of this report. Our forward-looking information in this document includes, but is not limited to, our anticipated capital program, the installation, adoption and integration of new technologies into our business, including hydrogen hubs, vapour combustors and hybrid gas and electric compressor units, future-orientated financial information or financial outlook, statements regarding our future plans and prospects overall, including those relating to energy transition and expected project and program implementation timelines, and TC Energy’s 10 sustainability commitments, more specifically targets related to GHG emissions intensity reduction, biodiversity and land capability, safety, further integration of sustainability into strategy, decision-making, performance-tracking and assessment, R&D and innovation investments to enhance energy sector sustainability, strengthening community resilience, fostering relationships with Indigenous groups, maintaining mutually beneficial partnerships with our landowners, fostering inclusion and diversity, and demonstrating the importance of mental health and psychological well-being, among other things.

Our forward-looking information is based on certain key assumptions and is subject to risks and uncertainties, including but not limited to: our ability to successfully implement our strategic priorities and whether they will yield the expected benefits, our ability to develop, access or implement some or all of the technology and infrastructure necessary to efficiently and effectively achieve GHG emissions targets and ambitions, the commercial viability and scalability of GHG emissions reduction strategies and related technology and products, the development and execution of implementing strategies to meet our sustainability commitments and GHG emissions targets and ambitions, our ability to implement a capital allocation strategy aligned with maximizing shareholder value, the operating performance of our pipeline and power and storage assets, amount of capacity sold and rates achieved in our pipeline businesses, the amount of capacity payments and revenues from our power generation assets due to plant availability, production levels within supply basins, construction and completion of capital projects, cost and availability of, and inflationary pressure on, labour, equipment and materials, the availability and market prices of commodities, access to capital markets on competitive terms, interest, tax and foreign exchange rates, performance and credit risk of our counterparties, regulatory decisions and outcomes of legal proceedings, including arbitration and insurance claims, our ability to effectively anticipate and assess changes to government policies and regulations, including those related to the environmental, social and governance (ESG) matters and COVID-19, competition in the businesses in which we operate, unexpected or unusual weather, acts of civil disobedience, cybersecurity and technological developments, ESG related risks, the impact of energy transition on our business, economic conditions in North America as well as globally, and global health crises, such as pandemics and epidemics, including the recent outbreak of COVID-19 and the unexpected impacts related thereto. In addition, there are risks that the effect of actions taken by us in implementing targets, commitments and ambitions for sustainability may have a negative impact on our existing business, growth plans and future results from operations.

For additional information about the assumptions made, and the risks and uncertainties which could cause actual results to differ from the anticipated results, refer to the most recent Quarterly Report to Shareholders and Annual Report filed under TC Energy’s profile on SEDAR and with the U.S. Securities and Exchange Commission. As actual results could vary significantly from the forward-looking information, you should not put undue reliance on forward-looking information and should not use future-oriented information or financial outlooks for anything other than their intended purpose. We do not update our forward-looking statements due to new information or future events, unless we are required to by law.

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Sustainability reporting

TC Energy produces a variety of publications to disclose the sustainability and environmental, social and governance (ESG) factors relevant to our business, rightsholders and stakeholders. These reports highlight our sustainability matters and focus on achieving meaningful and measurable results. In this report, we aim to provide a balanced summary of our performance.

More information and data, including content that is aligned with global reporting frameworks, standards and recommendations, can be found in these documents:

- [2022 ESG Data Sheet](#)
 - [2022 TCFD Alignment Table](#)
 - [2022 SASB Alignment Table](#)
 - [2022 UN SDG Alignment Table](#)
- [2022 sustainability materiality assessment](#)
- [Reconciliation Action Plan](#)
 - [2022 Reconciliation Action Plan Update](#)
- [GHG Emissions Reduction Plan](#)
- [2022 CDP climate change questionnaire response](#)
- [ESG directory](#)

This Report on Sustainability contains forward-looking information or forward-looking statements. Please refer to the forward-looking information statement on [page 2](#). You can also find more information about TC Energy in our [Annual Report](#), [Management Information Circular](#) and [Annual Information Form](#) available on our website, [EDGAR](#) and [SEDAR](#).

Our website also hosts select corporate policies and other governance documents, including our [oversight and policies on lobbying, political contributions and corporate memberships](#) information sheet.

We are committed to delivering energy responsibly, being a good neighbour and a top employer. We are proud to be recognized by respected third-party agencies for multiple awards within our industry and in the community.

The terms “we”, “us”, “our” and “TC Energy” as used in this Report on Sustainability refer collectively to TC Energy Corporation and its subsidiaries unless indicated otherwise.

Unless otherwise noted, all amounts are in Canadian dollars and all data reflects 2021 performance. Where relevant, 2022 developments and values are included and described.

The information in this report has been closely reviewed by internal subject matter experts and senior leaders. As part of our practice to continually improve our reporting, we have obtained independent third-party limited assurance of select 2021 environmental and workforce diversity indicators, which are identified with the symbol ^ throughout this document. To read the third-party limited assurance statement, please refer to our [ESG directory](#).

Invitation for feedback

We’d like to hear what you think about our Report on Sustainability. Please send questions or comments to communications@tcenergy.com.

ABOUT TC ENERGY

We're a team of more than 7,000 energy problem solvers working to move, generate and store the energy North America relies on. Today, we're taking action to make that energy more sustainable and secure. We're innovating and modernizing to reduce emissions from our business. And, we're delivering lower-carbon energy solutions – from natural gas and renewables to carbon capture and hydrogen – to help other businesses and industries decarbonize too. Along the way, we invest in the communities where we live and work to strengthen community resilience and build a stronger future, together.



Our values

Our corporate values form the foundation of how we do business.

SAFETY

Do it right – Today's quality is tomorrow's safety

INNOVATION

Do things differently – Turn challenge into opportunity and ideas into creative solutions

INTEGRITY

Do the right thing and keep commitments to stakeholders

RESPONSIBILITY

Focus on what matters – Consider sustainability in everything we do

COLLABORATION

Play as one team – Find win-win outcomes for rightsholders and stakeholders



Our business

For more than 70 years, TC Energy has proudly operated pipelines, storage facilities and power generation plants that support life in Canada, the U.S. and Mexico.

Land acknowledgement

Embedded in the lands on which TC Energy operates are the histories, cultures and traditions of Indigenous groups across North America. TC Energy thanks the original stewards of these lands – generations past, present and future – for sharing their homelands with us.

Portfolio at a glance

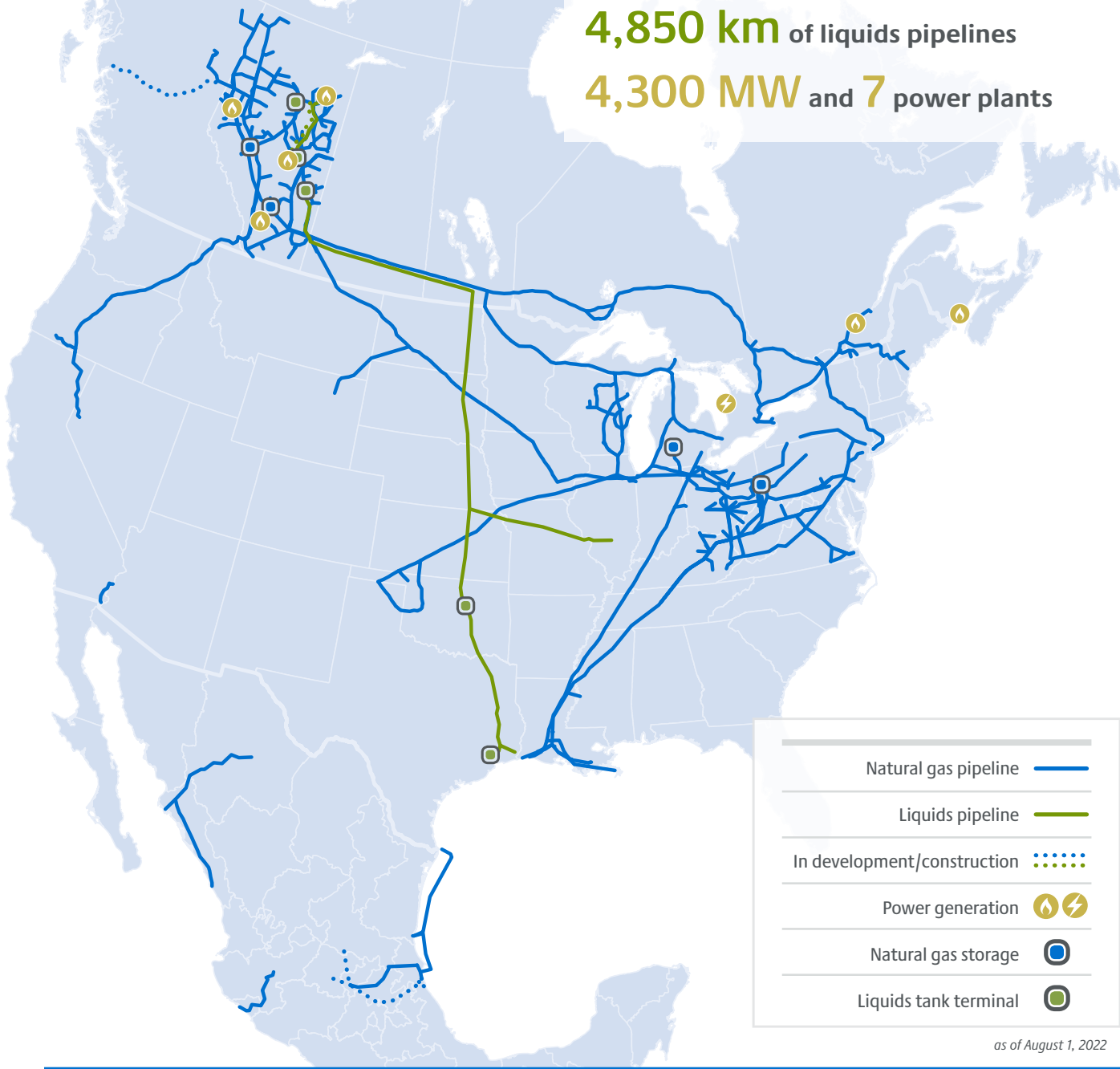
As we look to the future, [TC Energy's asset map](#) showcases the company's unique value proposition. Our well-connected network of assets delivers the energy North Americans need while enabling the technologies of the future.

93,300 km of natural gas pipelines


635 Bcf of natural gas storage

4,850 km of liquids pipelines

4,300 MW and **7** power plants



as of August 1, 2022

A photograph of two men, François Poirier and Siim A. Vanaselja, sitting at a wooden table in a modern office setting. François Poirier is on the left, wearing a light blue button-down shirt, and Siim A. Vanaselja is on the right, wearing a dark jacket over a light blue shirt and glasses. Both have their hands clasped on the table.

François Poirier
President and
Chief Executive Officer (CEO)

Siim A. Vanaselja
Chair of the Board

MESSAGE FROM THE CEO & BOARD CHAIR

The world is facing an ambitious and critically important challenge: the need to evolve to a lower-carbon, lower-emission energy economy while continuing to meet the growing global demand for safe, reliable and affordable energy – energy that is produced, transported and, ultimately, consumed in increasingly sustainable ways.

The need for secure and reliable access to energy supply, from countries with sustainable practices and values, has also become increasingly important, highlighted most recently by the tragic events that have unfolded in Ukraine and triggered global ramifications.

At TC Energy, the need for responsible energy solutions is clear to us, as is our obligation, ability and opportunity to bring solutions forward. We are working every day to address this challenge – for ourselves, our customers and the communities where we live and work – with a sense of urgency, dedication and restless innovation. The synergies across our asset footprint and our competitive strengths are irreplaceable and put us in a unique position to drive meaningful, positive change. By leveraging these attributes, we are developing unique and creative solutions to move, generate and store the energy North America needs and relies on in a safe, secure and increasingly sustainable way.

To us, evolving to a lower-carbon energy future is a serious obligation, but it is not an imposition or an obstacle – it is an incredible opportunity, serving as a catalyst for future growth for our company with investments that are strongly aligned with our corporate strategic objectives, traditional risk preferences and our core values.

Tackling the low-carbon challenge: incorporating new energy types and technologies into our operations

Adaptability and innovation are key differentiators for business durability and, ultimately, sustainability. People want to work for a company that can both drive and thrive with change. And recently, the scope and pace of change feel larger and faster every year.

At TC Energy, we are a team of energy problem solvers continually working to adapt to the evolving expectations of our stakeholders to make our business more sustainable.

From making investments in solar and wind energy to using artificial intelligence applications to further optimize our systems, we are harnessing a broad range of solutions. In the

near term, much of our emissions reductions, including fugitive emissions, will come from the electrification, modernization and use of emissions abatement technologies and programs on our existing systems and assets.

Together we will create a low-carbon energy future: offering decarbonization solutions to other businesses and industries

Natural gas and oil continue to be important components in the energy transition and in our business strategy for decades to come, even as we rapidly develop renewables including solar, wind and [renewable natural gas](#).

We're especially proud of the collaborative partnerships we are building inside and outside our industry to connect innovative technologies across great distances. In Canada, we are working with an industry partner on the [Alberta Carbon Grid](#) – a world-scale carbon capture and storage system that will help the province's industrial sectors sequester their emissions. We are also collaborating with electric vehicle manufacturers to develop hydrogen production hubs located near highly travelled trucking routes to deliver hydrogen fuel to heavy-duty vehicles across Canada and the U.S. Once operational, these projects will help reduce emissions and accelerate the energy evolution in North America.

Energy solutions include everyone: incorporating the unique expertise and perspectives of employees, communities and Indigenous groups

We recognize that in a truly sustainable energy future, no one is left behind. We aim to develop energy solutions in a just and equitable manner – solutions created by our exceptional teams, built in partnership with rightsholders and stakeholders, that support and benefit the local communities where we live and work.

We know that people are at the heart of energy solutions. As we lead through the energy transition, we need an empowered team with diverse perspectives, ideas, backgrounds, opinions and skills at the table – it's critical to our shared success. In 2021, we continued to embed inclusion and diversity practices, and create systems and governance to sustain our progress. For example, we expanded the scope and representation of our Inclusion and Diversity Executive Council across our business and achieved over 99% participation in *Inclusion and Unconscious Bias Awareness* training.

We also know our shared success must be anchored in relationships based on mutual respect and trust, and that takes time and dedication. Reconciliation between Indigenous Peoples and non-Indigenous people is a journey requiring a thoughtful approach, a long-term commitment and openness to listen and learn. While we continue to mature our approach

to listening, learning and collaborating, we have achieved two historic milestones for our company. We were pleased to sign option agreements to sell a [10 per cent equity interest](#) in our Coastal GasLink project to Indigenous communities across the project corridor in 2022. We also established an Indigenous Advisory Council to provide guidance to our executive leadership team. These are steps we are taking to create enduring relationships and expand economic opportunities for Indigenous groups.

Nothing matters more than safety

Safety remains our top core value and we have made progress on many of our safety targets. However, this progress was darkened by the loss of two colleagues who were fatally injured in workplace incidents: an employee in 2021 and a contractor in 2022. These outcomes are devastating and unacceptable and it is critical that we learn from these losses. We have initiated a third-party assessment of our company's approach to safety, our culture and the experiences of front-line workers. The assessment will help us learn what is working, what is not working, and how we can improve our safety culture, as well as personal and process safety practices across a broad cross-section of roles, geographies, business units and levels in the organization. We are taking urgent action on what we are learning and will remain relentless in advancing a strong safety culture.

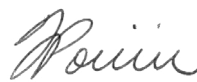
Psychological safety is also a critical component of a strong safety culture that affects a range of areas from physical safety to innovation. We have made mental health and psychological safety training mandatory for all leaders. And in 2023, we will roll out a mental health curriculum to employees.

A bright future in the changing energy landscape

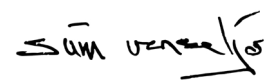
We have both an extraordinary opportunity and an accountability to play a vital role in the energy transition. We are excited by that challenge and confident we can and will make a difference thanks in large part to our innovative workforce, our asset footprint and the trusted relationships we have built with stakeholders, rightsholders and partners. Our diverse and growing portfolio of energy solutions positions us to continue moving, generating and storing energy in North America while advancing the energy transition.

We are energy problem solvers.


Sincerely,
François and Siim



François Poirier
President and
Chief Executive Officer



Siim A. Vanaselja
Chair of the Board



Patrick Keys
*Executive Vice-President and
General Counsel
Chief Sustainability Officer (CSO)*

Q&A WITH THE CSO

Q: Setting targets is critical to focus and measure progress. How is TC Energy looking at the varied progress on its targets?

At TC Energy, we often say that what gets measured is what gets done. That's why we created targets in 2020 and 2021 for each of the 10 commitments we established in 2019. These targets allow us to meaningfully measure our progress toward those commitments.

In 2022, we continued to refine these targets, making adjustments where appropriate to better reflect current and emerging business activities. We also published our emissions intensity on a corporate-wide basis for the first time, providing more transparency and insight into our goals as we progress toward our 2030 target to reduce our GHG emissions intensity by 30 per cent.

I am pleased to share that we are making positive and steady progress on most of our targets. For example, in June 2022, we exceeded our 30 per cent gender target for Board composition with the appointment of another highly qualified female Director, bringing the female composition of our Board to 38 per cent. As another example, we also met our target of restoring all sensitive habitat impacted by capital projects.

Progress, however, is often not linear and will not always be made in equal measures over equal periods of time. We also know it will be different from target to target. We anticipate

this to be the case in our annual progress toward our 2030 GHG target. We saw a reduction in emissions intensity from the 2019 baseline to 2020, but in 2021, our absolute emissions and emissions intensity increased, due in large part to increased energy demand that drove increased use of our networks and increased throughput across our operations. Ultimately, this increase in activity offset progress we made in other areas, like reducing fugitive emissions, but we remain confident that our longer-term efforts to lower the emissions intensity of our operations will enable us to achieve our 30 per cent reduction target by 2030 and position us to achieve zero emissions by 2050 on a net basis.

In addition to working to lower our emissions through electrification, modernization and use of abatement technologies, we've created dedicated energy transition teams focused on establishing foundational tools and capabilities and assessing relevant technologies and opportunities to support business resiliency and drive operational GHG emissions reductions. This work ranges from extensive scenario planning to conducting technical due diligence for the safe and reliable introduction of low-carbon fuels and technologies into our operating environment. And, to build on the systems and infrastructure we have in place, we have also established a team tasked with identifying new business opportunities and customer-focused solutions to help other companies progress towards a lower carbon energy future as well.

Tackling the challenges of increasing renewable energy sources and reducing emissions associated with the combustion of non-renewable fuels is a high priority for us. Working together with customers, communities and governments, we are confident in our ability to create solutions that will evolve energy systems to less carbon-intensive sources and achieve net zero emissions over the long term.

Q: How is TC Energy preparing for the future when the rate at which each form of energy will be developed to a practical level will continue to vary?

Many factors make predicting the future of energy systems challenging, including the significant improvement required in the energy output, reliability and overall footprint of renewable technology such as hydro, wind and solar. Similarly, biomethane and renewable hydrogen production have many associated challenges to overcome such as large-scale production, storage and distribution infrastructure development.

However, what we know is the energy mix for the foreseeable future will require oil, natural gas, nuclear power and renewables. Natural gas, in particular, is a plentiful, affordable, and cleaner-burning fuel that has a crucial role to play in the evolution of energy sources and uses, particularly when combined with other developing technologies like CCUS that will contribute to achieving net-zero emissions. We also believe that natural gas will play a significant role on a global basis to significantly reduce dependence on higher-carbon fuels, like coal, and that North America can be a leader in responsible and reliable production. The world cannot wait for perfect solutions to emerge, which is why we have an “all of the above” strategy.

Two examples of other solutions we are co-developing are large-scale hubs for both [hydrogen-fueled zero-emission heavy-duty trucks](#) and [renewable natural gas](#). These developments will bring much-needed infrastructure to support the widespread use of these low-carbon fuels. Each collaboration leverages our existing asset footprint and accesses advantaged renewable energy from hydrogen to biomass to natural gas feedstocks.

Our success in navigating this energy evolution is dependent on our ability to continue to provide traditional energy safely, reliably and affordably while developing and, with a renewed sense of urgency, deploying new technologies.

One thing is certain, we will keep enhancing our ability to evolve, innovate and drive meaningful and sustainable change to lead the transition.

Q: A respected and valued workforce with a culture of inclusion is critical to strong corporate performance. What steps is TC Energy taking to increase inclusion and diversity in its workforce and through its supply chain?

We know that meaningful, enduring change requires action. Our [inclusion and diversity action plan](#) guides our commitment and encourages continued progress and sustainment, including:

- Attracting, hiring and retaining diverse talent
- Educating, training and deepening understanding
- Establishing accountability for inclusion
- Fostering and celebrating a culture of belonging
- Setting enterprise-wide diversity goals
- Investing in inclusive communities
- Diversifying our supply chain
- Reinforcing a non-discriminatory, equitable, accessible and respectful work environment

To advance these areas, we have established executive- and employee-level committees to guide our inclusion and diversity initiatives. We have also formed an Indigenous Advisory Council to directly advise our senior leadership on Indigenous matters.

We also continue to enhance our efforts to provide an inclusive and psychologically safe workplace through regular training and employee-driven storytelling, with active leadership engagement. From 2018 to 2021, at our corporate locations, the number of women in leadership positions increased by 4 per cent and the number of visible minorities in leadership positions increased by 3 per cent.

Our efforts to diversify our supply chain include integrating opportunities for local and diverse suppliers, including Indigenous businesses, to complete a growing portion of subcontracting work. In 2021, we spent \$530 million directly with diverse businesses working on our projects as prime contractors (Tier 1) and over \$900 million indirectly with diverse suppliers performing work as subcontractors (Tier 2).

One aspect we are diligently working on is changing the related processes and systems required to set and achieve meaningful Indigenous contracting targets across our footprint. We have a cross-functional team meeting regularly to achieve this.

Moreover, simply tracking dollars or diversity metrics is not enough. We know it is also critical to ensure everyone who works for us feels they are treated fairly and can contribute to their full potential. All employees are required to complete bias awareness training annually.

We also recognize that in order to increase the recruitment and retention of Indigenous employees, we need to build on the work we have done on projects and small initiatives and scale these successes to our wider operations.

We have the critical building blocks in place to foster meaningful and measurable change in our business. This journey has just begun as we leverage the Council and internal committees and work to identify additional gaps and mitigate emerging risks.



OUR APPROACH TO SUSTAINABILITY

Anchored in our values, our multi-year strategy is driven by the belief that natural gas will play a pivotal role in the world’s energy future, liquids will remain an important part of the fuel mix, while low-carbon power generation will grow significantly. Our success in achieving our strategy is enabled by the capabilities and expertise of our workforce, the extent to which we embrace technology and encourage innovation, and our approach to sustainability. To this end, we set targets for every one of our sustainability commitments in 2021. In 2022, we

revisited the targets and made adjustments to the wording as relevant to current and emerging business activities.

To hold ourselves accountable, we’ve [linked compensation to progress on our ESG priorities](#) through objectives in the corporate scorecard.

This table provides a simplified summary of the commitments, targets and progress and does not include all relevant details. Further information and details are provided throughout this report and in our [2022 ESG Data Sheet](#).

Finding solutions that protect our planet



Commitment	Measure	Target	2021 Performance	Page
Reduce climate change	GHG emissions intensity reduction from our operations	30% by 2030	→	16
	Position to achieve net-zero from operations	By 2050	→	16
Environment	Sensitive habitat restoration	100%	✓	18
	Environment-focused community giving	\$1.2 million through 2022	→	18
Zero is real	Significant process safety incidents	Zero	✓	20
	Total recordable case rate (TRCR)	Employee: 0.25, contractor: 0.59 in 2021 Employee and contractor combined: 0.50 in 2022	✗ *	20

Finding solutions to create shared prosperity



Commitment	Measure	Target	2021 Performance	Page
Community resilience	Workforce giving participation	55% workforce participation in 2021	✓	24
		60% workforce participation in 2022	→	24
	Annual giving	0.5% to 1% of pre-tax profits through 2022	→	24
	Diverse supplier spending	5% year-over-year increase through 2022	✓	25
		Increase percentage of diverse influenceable procurement spend ¹ 5% year-over-year through to 2027	*	
R&D and innovation through technology	Innovation-driven optimization	\$115 million to \$120 million by 2023	→	26
		\$80 million per year engineering R&D value creation ²	*	
Strategic decision-making	Integrate sustainability in engineering practices	Establish roadmap in 2021	✓	28
	Incorporate sustainability in enterprise-wide integrated Asset Investment Planning Framework	Pilot value drivers ³ by end of 2023	*	
		Determine portfolio contributions by end of 2024	*	

Finding solutions that empower people



Commitment	Measure	Target	2021 Performance	Page
Indigenous relations	Indigenous Advisory Council	Approach in place by 2021	✓	32
	Mandatory employee cultural awareness training	Initiate in 2021	✓	33
	Board of Directors cultural awareness training	Initiate in 2021	✓	33
	Indigenous contracting	Set targets in 2021	✗	33
	Project equity opportunities	Develop framework in 2021	✗	33
	Community-led reconciliation initiatives	Ongoing	→	34
Landowner relationships	Private land restoration	100%	✗	35
Inclusion and diversity	Women on Board of Directors	30% ⁴	✓	36
	Unconscious bias training	100% by 2022	→	37
	Women in leadership ⁵	40% by end of 2025	→	36
	Visible minorities in leadership ⁶	17% by end of 2025	→	36
Mental health and psychological safety	Workplace psychological health and safety	Implement formal plan in 2021	✓	38
	Psychological health and safety targets	Establish baseline in 2021	✓	39
	Mental health awareness	100% of leaders trained by end of 2022	→	39
		100% of employees trained by end of 2023	→	39

Status: ✓ Achieved → On track ✗ Not achieved * New target for 2022

¹ Influenceable procurement spend is defined as purchase order procurement spend and release order procurement spend of Tier 1 suppliers.

² "Value creation" includes value realized through engineering research and development (R&D) initiatives implemented in TC Energy programs. Engineering R&D creates accuracy, precision, and efficiency in decision-making tools and processes which creates smarter and sharper decisions that enable both safety and economy leading to sustainability.

³ Asset Management value drivers include, but are not limited to, quality of life, reliability, and safety and environmental risk reduction.

⁴ 29% as of Dec. 31, 2021, increased to 33% as of Apr. 29, 2022, and a subsequent Board appointment on Jun. 7, 2022 increased the representation to 38.5% women on the Board of Directors (5/13 members).

⁵ Leadership positions in our corporate locations of Calgary, Houston, Charleston and Mexico City.

⁶ Leadership positions across our workforce in Canada and the U.S.

OUR SUSTAINABILITY JOURNEY



Material topics¹

To help us gauge the sustainability and ESG topics that are most relevant and of greatest importance² to our business and stakeholders, we regularly conduct [materiality assessments](#). This helps inform our sustainability-related targets and communications and our broader sustainability strategy.

In 2022, building on the assessment completed in 2020, we undertook an extensive third-party facilitated internal and external stakeholder feedback exercise. We conducted surveys, interviews and in-depth workshops with more than 270 individuals representing various stakeholder groups in jurisdictions in which TC Energy operates. The material topics identified remained generally consistent with our previous assessments.

1987

- Our Common Future published

1990's

- First HSE management system
- Established formal pipeline integrity program
- Voluntary climate change and GHG reporting

2000's

- Introduced asset management system
- First Corporate Social Responsibility report
- Purchased first GHG offset
- System-wide risk assessment process for pipeline integrity

2010's

- Inaugural materiality assessment
- Inaugural ESG Data Sheet
- Committed to third party-aligned GRI reporting

2015

- Paris Agreement formalized
- UN SDGs formalized
- Developed Supplier Diversity & Local Participation Program
- Materiality assessment refresh

2016

- Management system integration and TOMS introduction
- Introduced Chief Diversity Officer
- Materiality assessment refresh
- Established Life Saving Rules
- First aligned reporting with GRI G4 Core option Guidelines

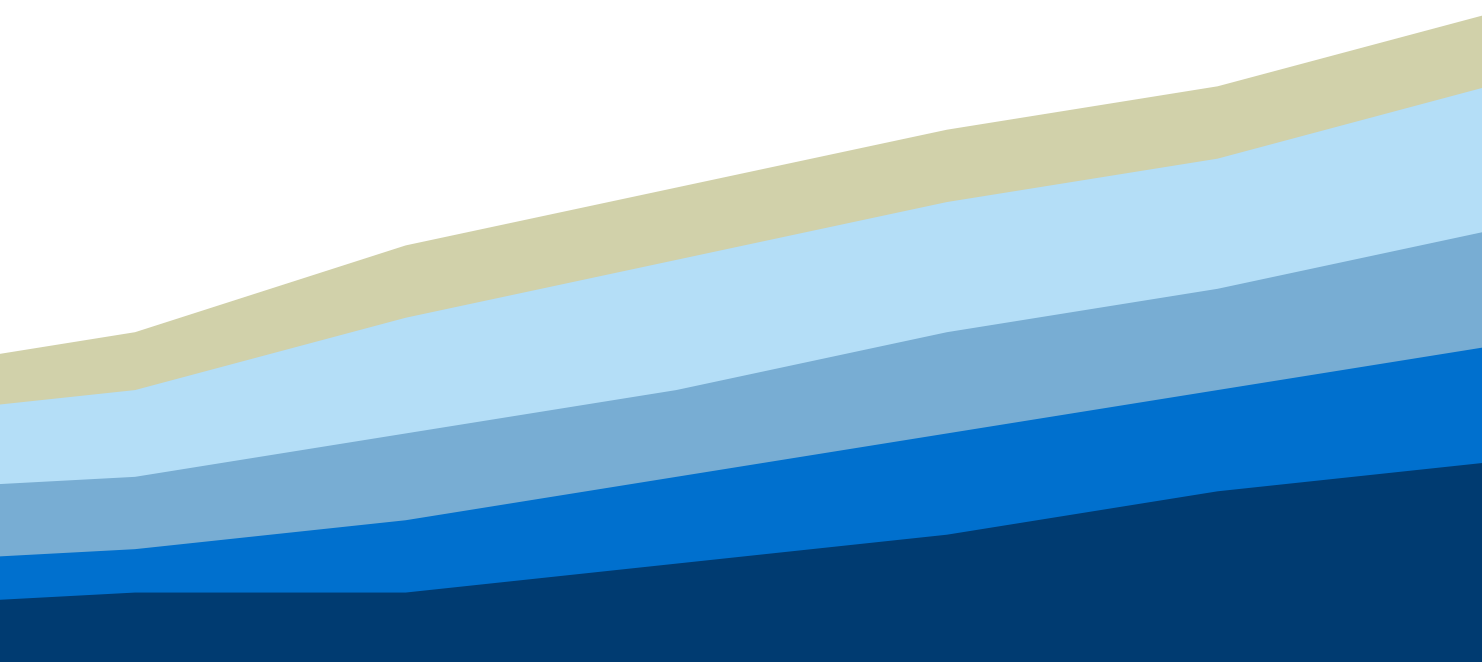
¹ References and use of the terms "materiality," "material" and similar terms throughout this document are in the context of economic, environmental, social and governance topics. For ESG topics, materiality is based on definitions in referenced sustainability frameworks, standards and guidelines, and do not correspond to the concept of materiality under Canadian or U.S. securities laws.

² Sustainability materiality assessments are a moment-in-time snapshot of the current topics of importance.

WE SUPPORT



In alignment with our pursuit to develop meaningful partnerships that will solve critical global sustainability challenges, TC Energy became an official participant of the United Nations Global Compact (UNGC) in 2022. We are committed to making the UNGC and its principles part of our strategy, culture and day-to-day operations, and engaging in collaborative projects which advance the broader development goals of the United Nations, particularly the Sustainable Development Goals.



2017

- TCFD releases Final Report
- Elevated safety as a corporate value to advance our safety culture

2018

- SASB approves industry standards
- Adopted Board Diversity policy
- Added sustainability to Board Health, Safety and Environment Committee
- Introduced 2°C case into strategic planning scenario analysis
- Introduced Chief Risk Officer
- Adopted Enterprise Risk Management system
- Inaugural SASB-aligned data sheet

2019

- Introduced Chief Sustainability Officer
- Inaugural TCFD-informed reporting

2020

- Internal materiality refresh
- TCFD-aligned reporting
- Developed sustainability commitments and released targets
- UN SDG-aligned reporting

2021

- Set targets for every commitment
- Published Reconciliation Action Plan
- Published GHG Emissions Reduction Plan

2022

- Joined UN Global Compact and Global Compact Network Canada
- Comprehensive materiality assessment
- Developed Enterprise Risk Management Policy
- Demonstrated measurable progress on targets
- Published Reconciliation Action Plan update



FINDING SOLUTIONS THAT PROTECT OUR PLANET

In this section

16 Commitment: Embracing the energy transition

20 Commitment: Zero is Real

18 Commitment: Leaving the environment as we found it



Whitebark pine conservation activities in southeast British Columbia conducted in collaboration with a Ktunaxa Nation-owned business

\$4.4 billion of capital plan dedicated to emission-less energy

\$2.3 million invested through our community giving programs to support **107 environmental causes** that protect, enhance and restore North America's biodiversity and reduce the impacts of climate change

8,250 total cumulative acres of lands restored



COMMITMENT: Embracing the energy transition

UN SDGs:



To contribute to global efforts to reduce climate change.

Metrics	Targets ¹	2021 Performance
Reduce GHG emissions intensity from our operations	30% by 2030	→
Position to achieve zero emissions from our operations on a net basis	By 2050	→

For more information on our ESG performance, please refer to the [ESG Data Sheet](#).

Climate change is a global issue that requires both global and local solutions. We know that as a North American corporate citizen, TC Energy has an important part to play in evolving to a clean energy future. As we continue to reduce GHG emissions within our operations, we're also focused on providing low-carbon energy options to our customers.

We are confident in our ability to deliver on our commitments, and believe the energy transition provides growth opportunities for our company.

Building the foundation to further reduce GHG emissions intensity and position for net-zero emissions in our operations

Over the last 20 years, we've reduced emissions from our operations through a variety of methods including integrating enhanced leak detection and incorporating lower-carbon solutions into our infrastructure. Ranging from hybrid electric compressors to solar power, we are further integrating these lower-carbon solutions throughout our footprint as pilots prove successful.

In 2021, our absolute GHG emissions and emissions intensity increased due in part to increased energy demand across North America, resulting in the need to consume more fuel across our networks to deliver increased volumes.

Most of our emissions come from stationary combustion sources at our natural gas pipeline assets, reflecting over 80 per cent of our total Scope 1 emissions. As demand for energy in North America increased in 2021, our Scope 1 emissions increased

¹ For planning purposes, our progress will be measured relative to a 2019 base year.

9 per cent in 2021 from 2019 levels as we transported 8 per cent more products to market, which consumed more fuel as we effectively met the energy needs of North America – an essential service.

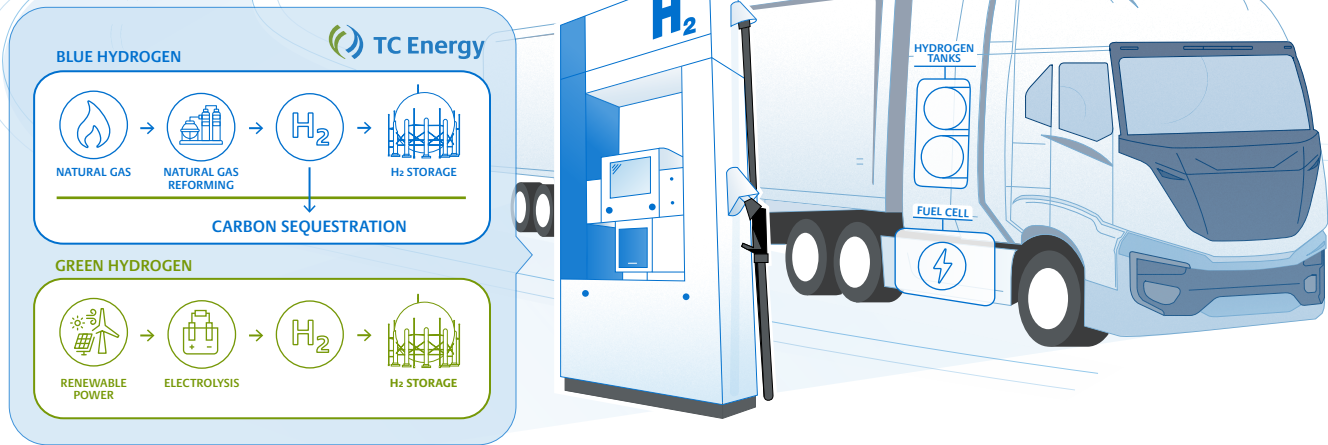
Alongside our Scope 1 and Scope 2 emissions, there are a variety of other factors that impact the emissions intensity equation, including the amounts of energy we move, generate and store. These interrelated factors led to an increase in our 2021 emissions intensity.

Reducing emissions in quantity and intensity throughout our operations is no small feat and we know that significantly reducing our emissions will take time. We are evaluating a suite of substantial abatement opportunities in a variety of stages. Aligned to the five focus areas outlined in our GHG Emissions Reduction Plan, many of these opportunities are complex projects which require a multi-year planning cycle to robustly address the environmental and social impacts. Like our energy industry peers, our operations are continuous, and our systems have numerous components and interfaces situated in remote areas. Modifying these systems requires careful planning and testing to ensure that safe and reliable operations continue as we strive to modernize our assets to meet our emissions reduction goals.

Our GHG data doesn't yet reflect the long-term efforts underway to meet our targets. As we execute the second year of our [GHG Emissions Reduction Plan](#) and the ambitious initiatives required to achieve our targets across our business segments, we remain highly focused on delivering on our commitments.

1,000/600

km miles



Providing energy solutions for the decarbonization journey

Whether it's renewable energy, renewable natural gas, hydrogen, electrification or other low-carbon energy services, we will strategically pursue opportunities to reduce our emissions and provide solutions to meet our customers' decarbonization needs.

We're decarbonizing our energy consumption in a variety of ways. Notably, our renewable energy portfolio has a number of projects under development including wind, solar, hydrogen, hydro and battery storage. We are also modernizing our existing systems and assets by integrating technologies such as gas recovery and recompression systems and [hybrid gas and electric compressor units](#).

In areas where oil and natural gas continue to power operations, we are pursuing the investment and development of large-scale energy storage projects to capture CO₂ for industrial application or permanent storage. Our investments in the [Alberta Carbon Grid](#) and Carbon Clean further demonstrate our pursuit of being a trusted and reliable source of low-carbon energy in North America.

Read more on the other ways we are solving the clean energy future challenge:

- [Solar power](#) through Claresholm Solar
- [Wind power](#) through EDP Renewables
- [Pumped Hydro Storage](#)
- [Renewable natural gas](#)
- [Hydrogen hubs](#) with Nikola
- [Hydrogen modular production hubs](#) with Hyzon Motors

Another example of decarbonization is our [24x7 Carbon-Free Power Solution](#) in Alberta, a combined wind, solar and long-duration pumped hydro portfolio that eliminates renewable generation variability. This groundbreaking product offers round-the-clock access to low-carbon energy at a fixed price for a fixed volume – ideal for companies seeking emissions-free power with price certainty.

Expanding our infrastructure will also play a part in displacing emission-intensive fuels locally and globally

Knowing that all forms of energy will be required to reduce emissions inside and outside North America, we're continually looking at ways to help communities transition from fuels with very high carbon intensity, such as coal, to cleaner carbon fuels like natural gas.

Continental demand for electrification and coal-to-gas fuel substitution demonstrates that natural gas remains critical to North America's energy mix. Expanding our Tula-Villa de Reyes and Tuxpan-Tula pipelines will connect southeast Mexico to natural gas and support the energy transition by displacing reliance on fuel oil and diesel.

We are also working to connect world-class North American natural gas supplies to reach expanding global markets, many of which are currently using coal as their primary energy source. [Coastal GasLink](#) (CGL) will provide the first direct path for Canadian natural gas to reach global LNG markets, moving some of the most responsibly produced natural gas in the world. We are progressing five LNG-linked projects in the U.S. and already transport about a quarter of the natural gas destined for export from the U.S.

Furthermore, we're working with customers and vendors to better understand the GHG life cycle of the products we transport.



COMMITMENT:

Leaving the environment as we found it

UN SDGs:



To leave the environment where we work in a condition equal to or better than we found it, including biodiversity and land capability.

Metrics	Targets	2021 Performance
Restore or offset disturbances to sensitive habitat resulting from construction and operation of our North American assets	100% restoration ¹	✓
Invest in activities that restore biodiversity and reduce the impacts of climate change	\$1.2 million spend, per year, to support environmentally focused Community and Workforce Giving partnerships through 2022	→

For more information on our ESG performance, please refer to the [ESG Data Sheet](#).

Natural resources and green spaces are precious to every community, and we know that the [way we care](#) for the air, land and water matters. We have developed a network of dedicated environmental professionals across our operations focused on safeguarding sensitive habitats and maintaining biodiversity. We also invest in programs that promote environmental stewardship, conservation, values and priorities that are important to us all.

In 2021, we met our target of restoring all sensitive habitat impacted by capital projects by the last year of the five-year monitoring period. In addition, we contributed to biodiversity conservation to restore and help offset impacts to these sensitive areas, described further in the following sections.

We also nearly doubled our annual target, donating \$2.3 million to various environmental causes across Canada. The U.S. and Mexico focused on building partnerships that make a positive impact on species and habitats at risk. For example, TC Energy partnered with Alternative Land Use Services to support Canadian farm and ranch families in addressing biodiversity challenges, such as improved water quality and regenerative agricultural techniques on their lands.

Understanding the impact of pipelines on the prairie landscape

In 2021, the University of Alberta published papers highlighting the success of TC Energy's land reclamation efforts after construction of the Keystone Pipeline following a [10-year research project on rare plant species along the pipeline corridor in southern Alberta](#).

Restoring threatened trees and protecting rare plants

In 2021, 46,064 individual flora specimens were transplanted on over 33 hectares beyond our right-of-way to support flora and fauna relocation and reforestation programs on the Tuxpan-Tula pipeline in Mexico.

¹ Restoration activities are multi-year efforts with end-of-activity targets rather than annual targets. Further information is provided in our 2022 ESG Data Sheet, [page 38](#).

In Canada, a combined total of over one million trees were planted in caribou habitat over 450 hectares across Alberta and British Columbia related to multiple construction and abandonment projects. Similarly, we have committed to providing over \$1.5 million for riparian and instream habitat enhancements for bull trout in Alberta as part of an offsetting plan in collaboration with Fisheries and Oceans Canada.

We're also supporting the expansion of the [Nupqu Native Plant Nursery](#) to grow Whitebark Pine seedlings, with the aim to restore the threatened tree species in southeastern B.C. Once complete, the nursery's enhanced storage and building facilities will include a new climate-controlled environment with capacity to grow 100,000 seedlings, helping this community greenhouse increase its supply of native-area plants used for local reclamation projects.

Safeguarding important habitats

In 2021, we supported a third season of migratory owl research adjacent to our Great Lakes Gas Transmission pipeline corridor in Michigan conducted by Mackinac Straits Raptor Watch. This organization promotes and conducts scientific research on the migration of birds of prey in the Straits of Mackinac region, an important migratory pathway, with an aim to protect the resting and feeding stopover habitats.

We also helped the University of Louisiana's Biology Department purchase [GPS telemetry units](#) for their studies, which will help planners understand the locations of nesting and foraging sites when planning coastal restoration projects.

In addition, we paid over \$750,000 in biodiversity offsets to numerous state agencies and natural resource management organizations in the U.S. who create, restore, enhance or preserve biodiversity through migration projects related to bats, bog turtles, mussel species and wetlands.



Restoring salmon volume in northern B.C.

Nak'azdli Whut'en and Coastal GasLink developed a [sockeye restoration project](#) to help increase salmon stock, launching five mobile salmon hatcheries in Fort St. James, B.C. Coastal GasLink will also fund the capital, set-up, operational training and five-year operational costs for the project. This initiative will help create jobs for Nak'azdli members and contribute to the health of fish stocks considered vital to Nak'azdli Whut'en.



COMMITMENT: Zero is real

UN SDGs:   

To achieve our Zero is real safety commitment.

Metrics	Targets	2021 Performance
Maintain our dedication to zero harm, loss and incidents by improving personal and process safety performance	Zero significant process safety incidents ¹	✓
	Total recordable case rate (TRCR): 0.25 (employee) / 0.59 (contractor) in 2021	✗
	Combined (employee and contractor) total recordable case rate (TRCR): 0.50 in 2022	New

For more information on our ESG performance, please refer to the [ESG Data Sheet](#).

Our commitment to safety isn't just a mantra – it's how we work 24/7, 365 days of the year across our entire organization. Our goal of [Zero](#) is simple: all harm, loss and incidents are preventable. We conduct our business with a disciplined approach through our operational management system, which is applied throughout our organization and full asset life cycle. This includes the tracking of lagging and leading indicators to drive continuous improvement. We have numerous personal and process safety-focused programs and technologies in place, including our:

- Company-wide annual Zero Week and quarterly *Zero Talks* events that connect the dots between our corporate values and the actions we're taking to live those values
- Use of artificial intelligence to aid workers with identifying hazards and to aid leaders in interpreting risk areas and supporting the safety of their teams
- Sophisticated continuous monitoring technology for pipeline integrity, which has been widely recognized within the energy industry as the best available technology

In an industry as complex as ours, reaching the goal of *Zero* takes commitment, innovation and collaboration. It is fundamentally important to us that everyone who works with TC Energy arrives home safely every day. That is why we are combining employee and contractor exposure hours and will be reporting a combined TRCR rate going forward. This approach also increases the statistical validity of the TRCR because of the combined exposure hours. While we continuously strive for *Zero*, we have more work to do.

Taking a hard look at our safety culture and reinforcing our growth mindset

Tragically, one employee was fatally injured in 2021 and one contractor was fatally injured in early 2022. Each time our CEO, François Poirier, held a company-wide safety stand-down to talk about safety culture and the need to stop, evaluate and learn from the incident.

¹ Significant process safety incidents are defined by TC Energy as unplanned or uncontrolled spills or releases that result in major consequences to people or the environment. They are a subset of Tier 1 process safety incidents. In evaluating the severity of the incident, we also consider the potential risk of legal, financial or reputational impacts to our company. Further information is provided in our 2022 ESG Data Sheet, [page 42](#).

In early 2022, we sought additional support and independent expertise to conduct a candid company-wide assessment to understand our current state with respect to safety. This assessment included interviews with senior leaders and focus group sessions, as well as a broad systems review. Once complete, the findings and recommendations will be shared broadly with our workforce and externally with peer companies and industries.

We're committed to learning and growing as an organization as we enhance our safety culture across occupational, process and psychological safety. In order for us to create better systems, processes and environments, it is critical that we learn from both our successes and our failures.

Together, we will create better safety solutions

In 2021, we've focused on uniting our safety efforts across the organization. We created an integrated [Commitment Statement](#) to include our 10 sustainability commitments and our expectations on how we conduct business with Indigenous groups, landowners and stakeholders.

Another way we united our efforts was by recognizing a broader scope of individuals and teams contributing to safe and reliable operations in our [CEO Zero is Real Leadership Awards](#). Celebrating these successes supports learning, as we get a glimpse into the behaviours and attributes that elicit outstanding contributions to safe, reliable and sustainable operations.

In Mexico, we delivered emergency response training to civil protection authorities, emergency bodies and first responders focused on improving coordination related to natural gas pipeline emergencies. The training was delivered through our long-standing partnership with the International Association of Fire Chiefs with the overarching goal of promoting pipeline safety and mitigating risk. In addition, we synchronized this capacity-building program with emergency response vehicles and equipment donations to the states of Sinaloa, Hidalgo, Guanajuato and Queretaro.



Luis Antonio Güereca

“TC Energy is a partner of choice for building safer communities in the community because, firstly, it makes this training possible for emergency units in the state of Guanajuato and, secondly, because they donated an Emergency Response Unit which will allow us to offer better response services. The course also strengthens relationships between TC Energy and the local authorities facilitating better communication, coordination and attention to incidents. In addition, they are helping students with scholarships, something significant for the education of young people in Mexico,” says Luis Antonio Güereca, Coordinator of Civil Protection of the State of Guanajuato.



FINDING SOLUTIONS TO CREATE SHARED PROSPERITY

In this section

24 Commitment: Strengthening community resilience

28 Commitment: Integration of sustainability

26 Commitment: Enhancing energy sector sustainability with technology



Employees building a home in Houston with our community partner Habitat for Humanity

\$28.3 million to communities across North America

24,186 volunteer hours to organizations across our footprint which support community interests including recreation and sports, and educational and human services

\$900 million+ spent with Tier 2¹ diverse businesses through our Supplier Diversity program

¹ Tier 2 spend, also referred to as indirect spend, is a classification of expenditure data that TC Energy's prime suppliers/general contractors spend for services/products that directly support TC Energy's business needs. Indirect expenditures may consist of labour, subcontractor, materials, and/or expense spend.



COMMITMENT: Strengthening community resilience

UN SDGs:



To strengthen local community, Indigenous group and employee resilience, including in recovery and moving forward from the COVID-19 pandemic.

Metrics	Targets	2021 Performance
Increase annual workforce participation in our workforce giving and volunteering program, to strengthen workforce resiliency	55% workforce participation in 2021	✓
	60% workforce participation in 2022	→
Maintain annual giving percentage of pre-tax profits to help strengthen local community, Indigenous group and workforce resiliency	0.5% to 1% of pre-tax profits through 2022	→
	Increase diverse annual spend of Tier 1 and Tier 2 suppliers in Canada and U.S. 5% year-over-year through to 2022	✓
Increase spending with diverse suppliers ¹ in Canada and the U.S	Increase percentage of diverse influenceable procurement spend ² 5% year-over-year through to 2027	New

For more information on our ESG performance, please refer to the [ESG Data Sheet](#).

At TC Energy, we often describe ourselves as a pipeline operator, energy distributor and, of course, we build pipelines and power plants too. But another thing we build, just as meticulously, is long-lasting relationships with stakeholders and rightsholders.

In 2021, we met our community investment targets. We invested 0.62 per cent of our pre-tax profits in communities across our footprint in a variety of ways including direct cash investments, scholarships, in-kind donations, matched contributions through employee giving and by providing

volunteer hours during paid work hours. Fifty-five per cent of our workforce participated in our workforce giving and volunteering program giving their time and money to over 3,000 organizations in Canada, the U.S. and Mexico. These efforts were enhanced by the company through matches totaling \$4.2 million and volunteer rewards totaling \$200,985 which were Directed to causes that are important to our workforce. Over \$7.3 million was awarded to Indigenous students who are pursuing a full-time, post-secondary program at a registered education institute in Canada, the U.S. and Mexico.

¹ Further details of our *Supplier Diversity* program, including definitions of Tier 1 and Tier 2 suppliers, can be found in our 2022 ESG Data Sheet, Supplier Diversity section, page 48.
² Influenceable procurement spend is defined as purchase order procurement spend and release order procurement spend of Tier 1 suppliers.

Building strong, vibrant communities

We know that building long-lasting relationships and investing in the communities where we live and work is critical to building a stronger future together. [Our community giving program](#) supports communities in multiple ways, from providing corporate grants and scholarships to enhancing employee giving and volunteering efforts.

Safety, Education, Environment and Community are our four focus areas for corporate grants, which include supporting:

- First responder organizations by offering the tools and resources communities need to go home safely, every day
- The next generation of community leaders by investing in education and training programs that are building a strong and skilled workforce for the future
- Ecologically sensitive landscapes and species at risk
- The reduction of poverty and improvement of community infrastructure and connectedness

TC Energy contributed \$6.8 million to initiatives related to education and science, technology, engineering and mathematics (STEM), including 863 scholarships awarded across North America. These scholarships reward students who demonstrate leadership skills and involvement in their local or global community, along with strong academic performance. Students use the financial support they receive directly from us in the manner they choose, removing barriers to their future success and amplifying their contributions to a brighter future for us all.

Supporting mental health

In 2021, over 60 staff members, including our President & CEO, François Poirier, joined the [Wounded Warriors Canada Ride for Mental Health](#), cycling over 3,000 km and raising over \$30,000 for mental health services for veterans, first responders and their families. Wounded Warriors Canada provides a range of clinically-facilitated programs specifically developed to support the unique needs of these groups that keep our communities safe. In addition, we donated \$50,000 toward the delivery of their Resiliency Training program in southern Ontario.

Giving families safety and stability

In Ontario, our team volunteered with Habitat for Humanity to help build homes for four families in the Saugeen First Nation within the Neyaashiinigiing Ojibwe Territory. In keeping with our 19-year partnership with Habitat for Humanity, we also matched a total of \$20,000 of donations made to the organization in December 2021.

Raising the roof on Giving Tuesday

In November 2021, our employees jumped on the opportunity to have their donations matched by the company at 300 per cent. Not only did we achieve our initial goal in the first four hours, but we also exceeded it by collectively donating more than \$750,000 to over 900 organizations with a substantial amount of funds going towards causes supporting human services, mental health and crisis intervention and education in our communities.

Sharing prosperity across our supply chain

In addition to increasing our employee base with diverse perspectives and skills, we also actively encourage diversity in our supply chain through our [Supplier Diversity](#) program. This program endeavors to create opportunities for qualified local and diverse suppliers and individuals to benefit from participation in our projects and operations. A strong, diverse supplier community is essential to a resilient and agile supply chain and contributes to the vitality of the communities where we live and work.

In 2021, we exceeded our diverse spend target and saw a year-over-year increase of approximately 80 per cent with Tier 1 and 36 per cent with Tier 2 diverse businesses from 2020.¹ This means that in 2021, we spent \$530 million directly with Tier 1 diverse businesses and over \$900 million indirectly² with Tier 2 suppliers.

¹ Percentages are calculated from Total Influenceable Purchase Order spend. Spend does not include Non-PO spend. Spend is always subject to change.

² Tier 2 spend, also referred to as indirect spend, is a classification of expenditure data that TC Energy's prime suppliers/general contractors spend for services/products that directly support TC Energy's business needs. Indirect expenditures may consist of labour, subcontractor, materials, and/or expense spend.



COMMITMENT:

Enhancing energy sector sustainability with technology



To enhance energy sector sustainability through research and development (R&D) and innovation investments.

Metrics	Targets	2021 Performance
Optimize operational and project effectiveness and efficiency through organizational, digital and technological innovations	Achieve \$115 million to \$120 million in capital and operating optimization and revenue opportunities by continuously improving our processes and systems by the end of 2023 ¹	→
	Through engineering research and development that utilizes the collective intelligence of data and cutting-edge technological advancements, create \$80 million per year in value creation ²	New

For more information on our ESG performance, please refer to the [ESG Data Sheet](#).

TC Energy has a long history of innovation, continuously evolving to meet current needs. Innovation is one of our core values. Our people’s innovative spirit radiates across our business; it’s part of how we work and it’s at the heart of our continued success. We encourage our people to challenge assumptions, be curious, create and anticipate change and make it safe to bring ideas forward. It’s okay to fail because trying new things can lead to successful outcomes.

Applying data analytics to make better informed decisions

To achieve our 2023 capital and operating optimization and revenue opportunities target, we improved several processes and systems which resulted in the realization of over \$45 million of value in 2021. Part of this value was created through proactive maintenance, which aims to improve the efficiency of our compressor stations and reduce the likelihood of unplanned events, further enhancing our ability to provide safe and reliable energy.

Value creation in technical engineering research & development

Our track record of implementing innovative solutions to meet customer needs is long, and we continue to conduct significant R&D in support of our responsibility to safety, community and the environment. Our strategic research priorities are asset integrity performance, cost competitiveness and energy transition. Over the past decade, TC Energy has invested approximately \$158 million in R&D projects across North America.

We also leverage our network of research and innovation-related industry associations and initiatives to cost effectively execute research, as well as broaden the impacts of our innovation efforts to shape our industry. In the past year, our people have published or presented more than 50 technical papers across North America and have worked to incorporate our innovations in relevant codes and standards to ensure they are adopted and benefit the entire industry.

¹ Further information about the contents of this target is provided in our 2022 ESG Data Sheet, [page 46](#).

² ‘Value creation’ includes value realized through engineering R&D initiatives implemented in our (or TC Energy) programs. Engineering R&D creates accuracy, precision, and efficiency in decision-making tools and processes which creates smarter and sharper decisions that enable both safety and economy leading to sustainability.

Plausible Profiles (Psqr) corrosion assessment model continues to bring immense value to the energy industry

Allowing for better decision-making for preventative maintenance and integrity activities and resulting in fewer ground disturbances, our revolutionary corrosion assessment model represents the first industry-wide corrosion modelling update in 30 years. In 2021, TC Energy won the Global Pipeline Award for impactful innovation and was also previously recognized by the Canadian Energy Pipeline Association in 2020. The model was validated and included in the American Society of Mechanical Engineers and Canadian Standards Association standards in cooperation with the Pipeline Research Council International.

One of our most successful recent R&D projects is the development of the *Decision Optimization Engine* (DOE). The strategic use of data helps us make sound decisions amid complexity and uncertainty. The DOE integrates data analytics, engineering principles and computing power, giving us a more precise understanding of our asset health in real-time, leading to improved safety and efficiency.

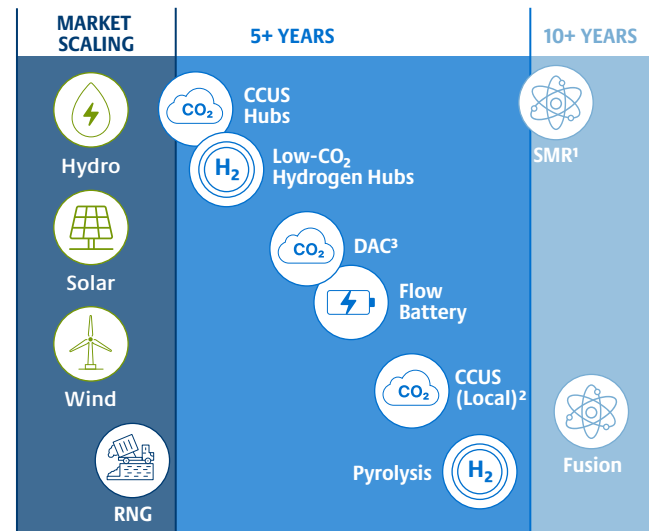
Proactively managing wildfire conditions and reducing emissions with the use of drones

Our assets cover vast distances, often in remote areas, and require regular monitoring. Drone technology can easily monitor long linear infrastructure like ours, safely and in a more environmentally friendly way. Monitoring these assets has historically required helicopters and light manned aircraft. Drones, which are electric and battery-operated, can effectively and safely abate a significant amount of GHG emissions related to aerial monitoring of our rights-of-way.

Drones are also being used to reduce the fire risk for our operations and communities near our operations in areas with high temperatures and drought-like conditions. In 2021, [we flew drones](#) above heavily forested areas near Rosalia, Washington to determine the size and number of trees. This data helped to develop a risk mitigation plan in collaboration with local agencies to implement forestry best management practices, including removing smaller timber, trimming branches and thinning large trees that were identified as fire hazards.

Current regulations limit use of beyond visual line of sight (BVLOS) drones in several industries. We are working with a consortium of telecommunications, energy and drone operators to demonstrate to regulators the significant environmental and economic benefits of BVLOS drones while enhancing safety and security across multiple sectors.

Commercial viability of low-carbon technologies



¹Small Modular Reactor

²Local CCUS refers to capture/sequestration disassociated with potential hubs

³Direct Air Capture

Monitoring low-carbon technology development

Some of the most powerful and impactful opportunities to address the climate crisis and create new value lie with emerging low-carbon technology development. We know that to speed up innovation and accelerate progress, extraordinary and collective efforts with startups, research institutions and even our competitors to develop, pilot and deploy viable technology are critical. This is why we proactively monitor developments across various stages and make long-term investments to support the growth of low-carbon technology.

TC Energy collaborates with many organizations inside and outside the energy industry, including:

- [Canadian Emissions Reduction Innovation Consortium \(CanERIC\)](#)
- [Rice Alliance Clean Tech Accelerator](#)
- [Emerging Fuels Institute \(EFI\)](#) – founding member



COMMITMENT: Integrating sustainability

UN SDGs: 

To further integrate sustainability into our strategy, management decision-making and performance tracking and assessment.

Metrics	Targets	2021 Performance
Review and integrate sustainability considerations into engineering requirements ¹ and operating procedures to ensure formalized consideration of sustainability in our work and operations	In 2021, define how sustainability can be considered in engineering standards and procedures as a part of a longer-term roadmap	☑
Incorporate sustainability drivers and measures in enterprise-wide Integrated Asset Investment Planning Framework, leveraged in program planning for existing assets	By end of 2023, pilot select value drivers ² across all business units	New
	By end of 2024, determine portfolio sustainability contributions, informing future planning decisions aligned to corporate and business unit objectives	New

For more information on our ESG performance, please refer to the [ESG Data Sheet](#).

Integrating sustainability into strategy is critical to “future proofing” our business. However, we realize that to do so, we must plan for and address potential global impacts that can fundamentally change the way we may operate over the coming decades. We will continue to analyze external factors and relevant and emerging business issues, in order to influence our ability to integrate sustainability throughout our organization.

We have a tested and disciplined approach to capital allocation that includes sustainability factors. Every opportunity is assessed through the lens of risk preferences and return expectations. With this judicious approach, one quarter of the decision-making factors focus on ESG considerations.

Embedding sustainability considerations at the beginning of projects

One of the biggest shifts in our project planning has been establishing sustainability as a key pillar of our *Practice of Engineering* (POE) program strategy in 2021. This strategy provides a roadmap for engineering excellence and focuses on the introduction and identification of sustainable design practices across the company’s footprint. As a near-term target, design alternatives are being incorporated into governing design documents to encourage consideration of sustainability commitments in design decisions.

¹ Engineering requirements reflect TC Energy engineering standards collection.

² Asset Management value drivers include, but are not limited to, quality of life, reliability, and safety, and environmental risk reduction.

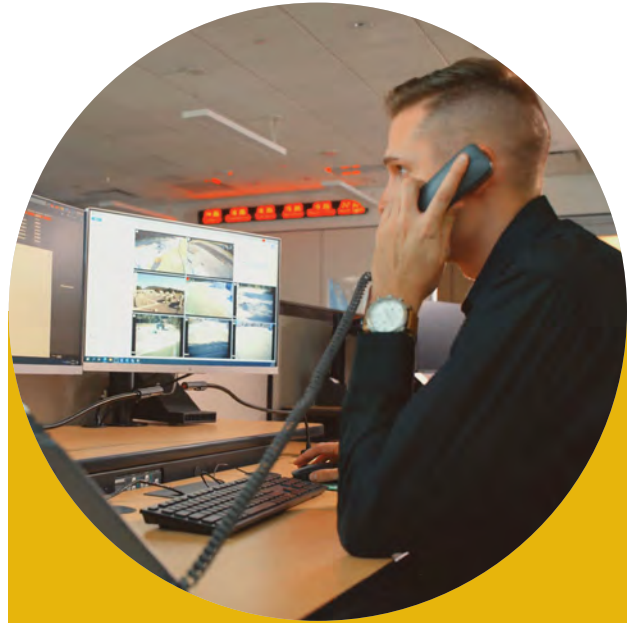
In 2021, after careful consideration, prudent enhancements were also made to the broader document review process for engineering design standards to explicitly consider sustainability in reviewing requirements. Through this process enhancement, sustainability considerations have influenced design options that reduce GHG emissions, energy consumption and overall environmental impacts. An example of this is a design standard that defines the requirements for major equipment to capture and reinject line gas, that would otherwise be released to the atmosphere, during normal operation of our compressors.

In 2022, the sustainability strategy within the POE program was expanded to evaluate asset integrity requirements. This includes, where possible, the identification, assessment and implementation of sustainability measures on an ongoing basis in the program that governs asset integrity processes and work. Asset integrity is critical to managing integrity risk across our assets.

Increased focus on cybersecurity to protect our interconnected assets and data sets

The continued automation of our world comes with increases in associated risks. As a result, cybersecurity is constantly evolving to protect against hacking sensitive information or financial accounts and other crimes with serious implications. Industry collaboration is key to ensuring the most effective protection plans.

Due to the very real risks of an increasingly interconnected world, we created a cybersecurity office, which is responsible for managing all cybersecurity risk and dealing with an evolving threat landscape. This office has a comprehensive cybersecurity strategy, policy and program that aligns to industry best practices and recognized standards. As part of our commitment to continually improving our cybersecurity protocols, we work with government agencies, regulatory bodies and industry organizations that assess our program and processes. We also regularly remind staff of common and emerging cybercrime scenarios and tips for avoiding them throughout the year.



Sustaining safe, secure and resilient digital assets

In 2021, the U.S. Transportation Security Administration issued Security Directives requiring pipeline owners and operators to implement a significant number of urgently needed protections against cyber threats. TC Energy's Cybersecurity Office reviewed the directives and created a focused program to provide guidance on how we will need to access our systems, use our systems and stay cyber safe.



FINDING SOLUTIONS THAT EMPOWER PEOPLE

In this section

32 Commitment: Fostering relationships with Indigenous groups

35 Commitment: Focus on landowner relationships

36 Commitment: Fostering inclusion and diversity

38 Commitment: Focus on mental health



One of over 1,800 water systems constructed through a program funded by TC Energy and the state of Chihuahua to provide Indigenous groups and local communities clean drinking water.

99% of leaders and employees trained on how to recognize and mitigate unconscious bias and how to create and sustain an inclusive workforce

Mandatory training on the history and cultures of Indigenous Peoples rolled out to Canadian employees, as well as our Board of Directors



COMMITMENT: Fostering relationships with Indigenous groups



To become a partner of choice for Indigenous groups.

Metrics	Targets	2021 Performance
Establish an Indigenous advisory council to provide advice to our leadership team and guide our reconciliation efforts	Advisory council approach in place by Q4/2021	✓
Implement a mandatory, corporate-wide cultural awareness training module focused on the history and cultures of Indigenous Peoples of North America to all employees and internal contractors	Developed by Q3/2021 and initiated in 2021	✓
Deliver tailored cultural awareness training for our Board of Directors	Developed by Q3/2021 and initiated in 2021	✓
Set Indigenous contracting targets to enhance participation of Indigenous businesses in the execution of our projects and operational activities	Targets set by Q3/2021	✗
Develop a framework to identify project equity opportunities with Indigenous groups across our footprint	Framework developed by Q4/2021	✗
Identify and support community-led reconciliation initiatives through partnerships with Indigenous groups	Ongoing	→

For more information on our progress, please refer to our [2022 Reconciliation Action Plan Update](#).

We continue to build on more than 40 years of engagement with Indigenous groups. We are committed to building and maintaining long-term relationships with Indigenous groups based on respect, trust, open communication and recognition that many of our activities occur on traditional lands. Our continued success depends on our ability to cultivate lasting relationships with Indigenous communities that have interests in lands on which our assets are located.

Indigenous Advisory Council formed to guide our efforts

Establishing an advisory council is a key component of our [Reconciliation Action Plan](#). To begin, we recruited Indigenous leaders from across our Canadian footprint in 2021 to provide advice to our executive leadership team and guide our reconciliation efforts. The Indigenous Advisory Council convened for the first time in the first half of 2022 and met again in October 2022.

Cultural awareness training developed in consultation with Indigenous employees

Since 2001, we have offered Indigenous Awareness training, which outlines our company's Indigenous Relations policy, strategy and guiding principles to all interested employees and contractors. In addition to in-class training, prior to the pandemic, we also regularly facilitated opportunities for employees to learn firsthand about history, protocols and culture through in-person experiences. In 2021, we offered 13 sessions and 750 individuals took this training.

In 2021, we also developed, with input from TC Energy's Indigenous employees, an online training module that covers the history and cultures of Indigenous Peoples. This was rolled out to all Canadian employees and certain contractors. Additionally, a two-hour interactive session was provided to members of our Board of Directors.

We acknowledge there is more we need to do so that TC Energy employees and contractors can play a meaningful role in reconciliation between Indigenous Peoples and non-Indigenous people. This training lays a foundation for us to build greater cultural competencies across the organization.

Work in progress: Setting Indigenous contracting spend targets and developing a framework to identify project equity opportunities

While we have made progress on other commitments in the Reconciliation Action Plan, we need more time to establish contracting targets across each business unit. Detailed analyses of past spending and changes to processes and systems continued in 2022, both of which are needed to ensure we are capturing and reporting the right information.

In early 2022, we also established a cross-functional working group to advance the goal of developing a framework to identify project equity opportunities with Indigenous groups across our footprint. A framework has been developed and is currently being evaluated before final internal approval.



*Tiffany Murray, Director of Indigenous Relations, CGL
Chief Corrina Leween of Cheslatta Carrier Nation
– a member of the CGL First Nations Limited Partnership
Management Committee*

Together, as business partners, we have the opportunity to learn, grow and change the way energy is developed

Signing option agreements to sell a 10 per cent equity interest in our CGL project to the Indigenous communities across the project corridor is a historic milestone. It represents an important path to true partnership through equity ownership, along with the 20 agreements we reached with elected Indigenous groups along the route, which will provide long-term benefits.



Ila Roan

Building greater understanding of our business while providing meaningful employment and training opportunities

Ila Roan, a member of the Ermineskin Cree Nation, [joined the Aboriginal Construction Participation Program in 2021](#) and monitored the construction of the 2021 NGTL System Expansion project. Through connections established during her participation in the program, she is now employed by Tomahawk Energy Services as a 3D Technician.

Ongoing initiatives to connect Indigenous People to our operations

We have several successful inclusion initiatives encouraging our workforce to celebrate our differences and similarities across the company. Drawing inspiration from a proactive Coastal GasLink program, we implemented the [Community Workforce Accommodation Coordinator](#) program to support a positive and inclusive experience at our workforce accommodations for the NGTL System Expansion after concerns of harassment and discrimination were raised by NGTL workers in 2021. Central to the program is the cultural awareness programming designed by coordinators recruited from neighbouring Indigenous communities. The program was put in place at three workforce accommodations related to the NGTL project in 2021 and has since been expanded.

Over 50 Indigenous people have participated in the Aboriginal Construction Participation program since its inception in 2021. The program is designed to provide an opportunity for Indigenous Peoples from nearby communities to see first-hand how we construct a pipeline and identify possible concerns back to their communities on construction activities. In 2021, program participants helped with the recovery of [dinosaur bone fragments](#) found during trenching on the NGTL System Expansion Project near Grande Prairie, Alberta. The discovery was carefully documented and shared with Indigenous communities.

Our desire to be part of advancing reconciliation between Indigenous Peoples and non-Indigenous people is a journey requiring a thoughtful approach, a long-term commitment and openness to listening and learning. We are grateful for the feedback and guidance we receive from Indigenous groups, partners, employees and the Indigenous Advisory Council – it is shaping the work we are doing and future goals.



COMMITMENT: Focus on landowner relationships



To maintain mutually beneficial partnerships with our landowners.

Metrics	Targets	2021 Performance
Restore disturbances to private lands resulting from construction and operation of our North American assets	100% restoration ¹	⊗

For more information on our ESG performance, please refer to the [ESG Data Sheet](#).

The ability to access private and public land is integral to the safe, reliable construction and operation of our assets. To ensure continuing access, it is critical we build strong, positive relationships with landowners, compensate them fairly and restore their land to an equivalent capability. We hold ourselves to a high standard with a target of 100 per cent restoration. In 2021, we nearly achieved this target and restored 99 per cent of disturbances to private lands. The remaining one per cent of full restoration was not achieved due to erosion issues on one of our projects, affecting full repair of the area. We're working to resolve the erosion issue and expect to complete restoration in the sixth year of monitoring.

Enhancing relationships and leading land management

We're proud of the relationships we have built with thousands of landowners across North America, and we believe that these relationships are critical to our success. Landowners are regularly engaged through a variety of channels, including emails, phone calls, open houses and meetings. There is also a dedicated toll-free number in each country to contact us with questions or concerns.

Our [Guiding Principles](#) bring a consistent, principled approach to our engagement with landowners and other stakeholders in every country where we operate. We're committed to protecting the environment through the complete life cycle of our assets, from project planning, through construction and operation, to final decommissioning and asset retirement. Our Land, Environment and Community Relations teams work

closely together to minimize the impacts of our activities and make sure that land is restored to its equivalent capability. If concerns arise or damage does occur, we strive to address these issues collaboratively with landowners in a timely manner.

Restoring habitats and species on private land

Following planned maintenance on the underground Columbia Gas transmission system, we began a multi-year habitat restoration and monitoring project in 2021 on half an acre of private land near Waynesboro, Virginia. Working collaboratively with the landowner, the project aimed to explore new ways to reduce the spread of autumn olive, an invasive plant species, benefitting both the natural environment on the landowner's property and allowing us to continually improve our wildlife and vegetation management techniques.

Initially, our team studied the species growing rapidly in the area. TC Energy and the landowner then worked together to identify the study location and agree upon the project details, which included clearing the entire right-of-way of the invasive species and re-planting with over 30 native plants and vegetation. Each year, our Environment and Land teams revisit the site to monitor progress and discuss project outcomes with the landowner. This collaboration increases our understanding of how to manage and control the spread of this invasive plant, and continues to enhance our ongoing relationship with the landowner and address any questions the landowner may have. Since the start of the project, the landscape has changed from thick, prickly weeds to productive grasses and flowers with enhanced biodiversity of pollinators and wildlife in the area.

¹ Restoration activities are multi-year efforts with end-of-activity targets rather than annual targets. Further information is provided in our 2022 ESG Data Sheet, [page 38](#).



COMMITMENT: Fostering inclusion and diversity



To embed a culture of inclusion across our organization and ensure the diversity of employees reflects the communities in which we live and work.

Metrics	Targets	2021 Performance
Diversity of our Board of Directors	30% women on Board ¹	✓
Women in leadership positions in our corporate locations ²	40% by end of 2025	→
Members of visible minorities in leadership positions across our Canadian and U.S. workforce	17% by end of 2025	→
Leaders and employees to be trained on how to recognize and mitigate unconscious bias and how to create and sustain an inclusive workforce	100% of our leaders and employees trained by 2022	→

For more information on our ESG performance, please refer to the [ESG Data Sheet](#).

Diversity and inclusion leads to better ideas, better business solutions and better opportunities to attract and retain top talent. We know that when we bring different people, ideas, backgrounds, opinions and skills to the table and embrace our differences, we create a creative, innovative and high-performing culture.

Creating a more inclusive and equitable future

At TC Energy, we know that diverse opinions and perspectives strengthen our performance and ability to execute our strategy. That is why we created an [Inclusion and Diversity Action Plan](#) last year to guide our path to a more equitable and inclusive environment throughout the company, where diversity is not only supported but expected. Central to this plan is education, including helping our workforce understand and identify bias, as well as providing appropriate tools to work through identified issues.

Ensuring a diverse workforce, particularly at the top levels, is important to us. Working to achieve this over time, we actively seek qualified candidates at all levels while considering diversity

in our hiring decisions. We know it is critical that everyone sees a variety of paths forward for themselves in order to realize their full potential.

In early 2022, we met our target for female representation on our Board of Directors with a composition of 33 per cent women following the retirement of three directors. Later, we increased this representation to 38 per cent through the addition of another accomplished woman with extensive experience in the midstream energy sector.

Since establishing the corporate leadership goals in 2018, we've increased the representation of women in leadership positions at our corporate locations from 34 to 36^{3a} per cent. Also, in 2021, we tipped the balance of our senior leadership team in Mexico to a majority of women, with 56 per cent in director-level positions and above. When taking a wider view of leaders at all levels within the country, 32 per cent were women.

The representation of visible minorities in leadership positions at our corporate locations in Canada and the U.S. has increased from 11 to 14 per cent between 2018 and 2021.

¹ 29% as of Dec. 31, 2021, increased to 33% as of Apr. 29, 2022, and a subsequent Board appointment on Jun. 7, 2022 increased the representation to 38.5% women on the Board of Directors (5/13 members).

² Leadership positions in our corporate locations of Calgary, Houston, Charleston and Mexico City.

³ TC Energy has obtained independent limited assurance of this indicator for the year ended Dec. 31, 2021.

In 2021, over 99 per cent of our workforce completed the *inclusion and unconscious bias awareness* training. The remaining one per cent were new hires who completed their training within 60 days of joining the company, which occurred outside of the calendar year. The training covers a wide range of issues, including how we identify bias, cultivate connections and choose courage; however, we are committed to expanding education within this space on an ongoing basis as our learning continues.

Led by Dawn de Lima, our Executive Vice-President, Corporate Services and Chief Diversity Officer, our Inclusion and Diversity Executive Council is comprised of leaders who are focused on and accountable for progressing inclusion across the organization.

“Research shows that foundational to all innovation is diversity. We see this every day when we bring people with diverse ideas and backgrounds together, we make better decisions and achieve better outcomes,” says Tina Faraca, President, U.S. Natural Gas Pipelines **“At TC Energy, it is important for us to create an inclusive culture where everyone feels valued.”**

In 2021, we expanded the *Inclusion Champion* network to include representatives from all areas of the business and further enhance our commitment to promoting an inclusive culture. We have also launched a *Women in Leadership* network to create connection and community between women and support mentoring opportunities.

Revising employment practices to be more inclusive

When everyone feels safe and empowered to bring their very best — that’s when we spark innovation. We’re working to foster an inclusive workplace where every member of our team is respected and feels that they can contribute to their full potential. We know that meaningful, enduring change requires action.

As part of our commitment to an inclusive workplace, we have updated our parental and maternity leave practices to support working parents and their families and promote equality in our workplace.

We also offer a flexible work arrangement where employees can work remotely two days per week, depending on the nature of the role and work. This practice supports work/life balance, while ensuring business performance through continuing in-person collaboration three days a week.



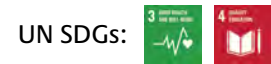
Ashley; a long-time TC Energy employee, inclusion advocate, and member of the LGBTQ2+ community.

Celebrating our diverse backgrounds and perspectives

We asked our workforce to share their stories for our *This Is Me* campaign and heard from employees and contractors in Canada, the U.S. and Mexico. Every story showed the unique strengths and perspectives of each staff member, as well as the common goals we share. Aside from inspiring more staff to feel safe bringing their authentic selves to work, the articles and videos have further connected our workforce across three countries.



COMMITMENT: Focus on mental health



To demonstrate in words and actions the importance of mental health and psychological safety.

Metrics	Targets	2021 Performance
Commence implementation of a Psychological Health and Safety in the Workplace plan	Establish baseline in 2021	✓
Increase mental health awareness by providing leader and employee training and other topical resources	100% of leaders trained by end of 2022	→
	100% of employees trained by end of 2023	→
Adopt voluntary psychological health and safety criteria and establish a 2021 target baseline for metrics in 2022 and beyond	Implement a formal plan in 2021	✓

For more information on our ESG performance, please refer to the [ESG Data Sheet](#).

TC Energy is committed to the health, safety and wellbeing of all employees, recognizing that mental health and psychological safety are contributing factors in business performance. We demonstrate this commitment by providing programs and services that support the physical, mental and social health of our employees. We announced an enhanced focus on mental health in early 2020, which took on increased importance amid the stress and strain of the pandemic. Our senior leadership is committed to advancing this important initiative, which has focused on improving resilience and decreasing stigma associated with mental health by providing company-wide training, topical webinars and resources.

Sharing personal challenges and anxieties to normalize conversations about mental health

Our *Mental Health Champions* program, designed to provide our workforce with additional support, moved into its second year in 2021. Armed with in-depth mental health training provided by external experts, our Champions have formed smaller working groups to complete various projects focused on increasing mental health awareness and psychological safety throughout the organization.

The open conversations and videos that have been led by our Champions and shared internally shine a spotlight on personal experiences and tips for overcoming challenges. Each one opens our hearts and minds to reducing the stigma associated with mental health.

To track current trends, we created a mental health dashboard focusing on key metrics that will inform our health initiatives.

Ending the stigma around mental health

In 2021, we held two company-wide panel sessions focused on mental health. The first was held during *Zero Week* in May and featured leaders from across the company discussing personal successes and challenges around psychological safety in the workplace. This discussion highlighted the benefits of a psychologically safe culture, as well as the consequences of not having this culture. The second event recognized World Mental Health Day in October with Jessica Holmes, a comedian and mental health ambassador, who addressed the topic from a lighter side, with the goal of making the topic more approachable.

Fostering a culture of psychological safety

As part of our ongoing commitment to support employee mental health, we introduced *Mental Health and Psychological Safety* Training in 2022.

Designed to increase awareness of mental health, the mandatory interactive 90-minute module helps our leaders gain a better understanding of psychological safety, and what they can do to foster a safe and inclusive culture where employees feel supported. This training was developed internally in collaboration with our Inclusion & Diversity, Safety Culture and Learning & Leadership teams, as well as an external expert in workplace mental health.

In addition to setting a *Psychological Health and Safety in the Workplace* plan, we've established metrics and set a baseline related to psychological safety in the workplace. We will review these metrics regularly and set targets accordingly.



Vanessa Araujo

“I have always been interested in mental health. I have a degree in psychology, specifically the cognitive implication that, because of everything we go through on a day-to-day basis, there are potential consequences for a mental health imbalance. In turn, this can generate a positive or negative organizational climate and determine the degree of a company’s success,” says Vanessa Araujo, Benefits Specialist, HR. “In Mexico, it is not common for people to take personal days for mental wellness. I am very proud to be part of a company that provides resources we can use, such as psychological, financial and legal assistance.”



WE WANT TO HEAR FROM YOU!

Corporate Head Office

450 – 1 Street S.W. Calgary, AB
Canada T2P 5H1
1-800-661-3805
Toll-Free (North America)

communications@tcenergy.com

TRP.NYSE
TRP.TSX
ISIN: CA87807B1076
SEDOL: BJMY6G0, BJMY6F9

TCEnergy.com